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**Report to  
The Vermont Legislature**

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**Annual Report on  
Vermont's Reach Up Program**

**In Accordance with H. 523  
Act 17. 33 V.S.A. §1134(a): Relating to Moving Families Out of Poverty**

**Submitted to:**        **Honorable Governor James Douglas  
Vermont General Assembly**

**Submitted by:**       **Stephen R. Dale  
Commissioner**

**Prepared by:**        **Joseph Patrissi  
Deputy Commissioner**

**Report Date:**        **January 31, 2009**





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This report is submitted pursuant to 33 V.S.A § 1134 (a), which requires that, by January 31 of each year, the department report to the governor and the general assembly on the department's progress during the past year in implementing the Reach Up program and achieving the goals in 33 V.S.A. § 1102. The following sections in this report correspond to the numerical paragraphs under subsection 1134 (a). Most data in this report, unless stated otherwise, are for the period October 1, 2007, through September 30, 2008 (federal fiscal year 2008). Data reported in Sections 4 and 5 (Reach Up leavers' participation in food stamps and Medicaid) are for the 2008 state fiscal year.

Pursuant to 33 V.S.A § 1134 (c), the Commissioner of the Department for Children and Families reports to the House Committee on Human Services, the Senate Committee on Health and Welfare, and House and Senate Committees on Appropriations on the cumulative months of Reach Up families' receipt of TANF-funded financial assistance. The report, titled Annual Report on Families Receipt of Reach Up Assistance in Excess of 60 months, is available upon request. In summary, the projections in that report are based on the available data. According to that data and the projections, the number of families that will qualify for the hardship exemption from the 60-month limit on receipt of TANF-funded assistance will not exceed the allowable 20 percent of the caseload for the time periods covered in the report.

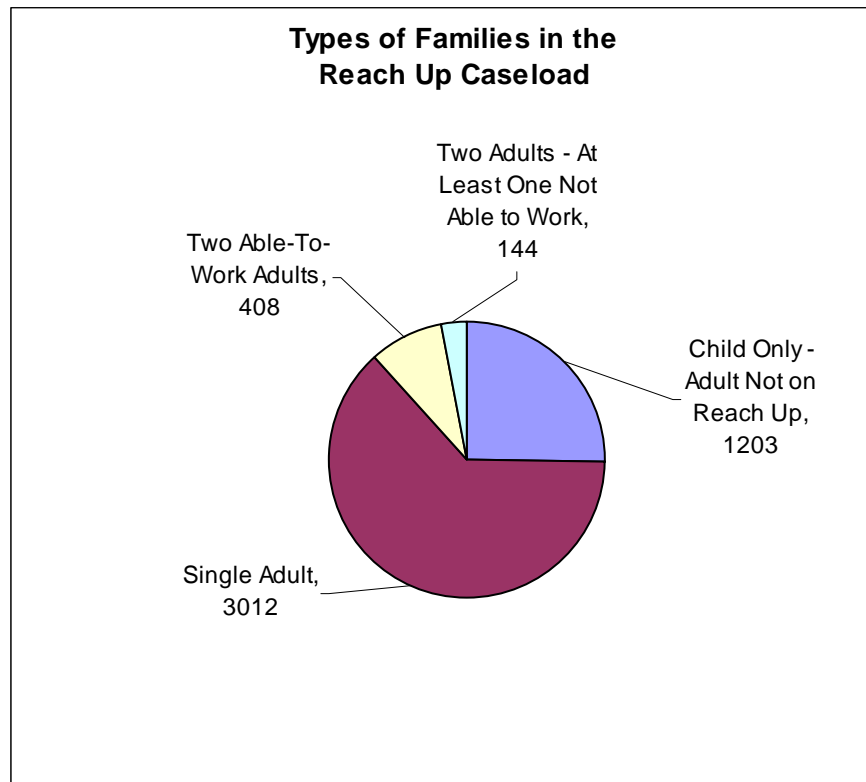
## Highlights of 2008

- Effective April 1, 2008, the Economic Services Division (ESD) adopted rules establishing the Reach First Program as required by Act 30, An Act Relating to Moving Families out of Poverty, enacted by the Vermont General Assembly in May 2007. The purpose of Reach First is to stabilize families in crisis, assess their strengths and needs, orient them to available programs and services, and provide short term financial support, not to exceed four months. ESD began accepting applicants into Reach First in July 2008. By the first week in August 133 families had been granted assistance in Reach First. As of the first week of December 2008, the number of families in the Reach First Program was 347, with 27 applications pending approval.
- Effective April 1, 2008, ESD changed the Postsecondary Education Program by replacing the fixed annual stipend with monthly fluctuating financial assistance calculated using Reach Up financial assistance rules, changed Separate State Programs to Solely State-Funded Programs, and increased the Reach Up earned income disregard and resource limits.
- ESD has completed the process to adopt rules effective April 1, 2009, to create Reach Ahead, Vermont's food assistance and workers' support program for Reach Up and Postsecondary Education programs leavers as authorized by Act 30.
- The United States Administration for Children & Families (ACF) approved Vermont's Work Verification and Documentation Plan commencing October 1, 2008.
- In 2007, Vermont was one of eight states selected for a pilot audit of its TANF program by the Office of Inspector General (OIG) of the federal Department of Health and Human Services (HHS). HHS plans to use the audit results to establish a national error rate for the TANF program. The HHS final report issued in 2008 documents that Vermont had the second lowest error rate of the participating states. The audit examined errors due to lack of documentation, eligibility and miscalculation of payment.

## Section 1

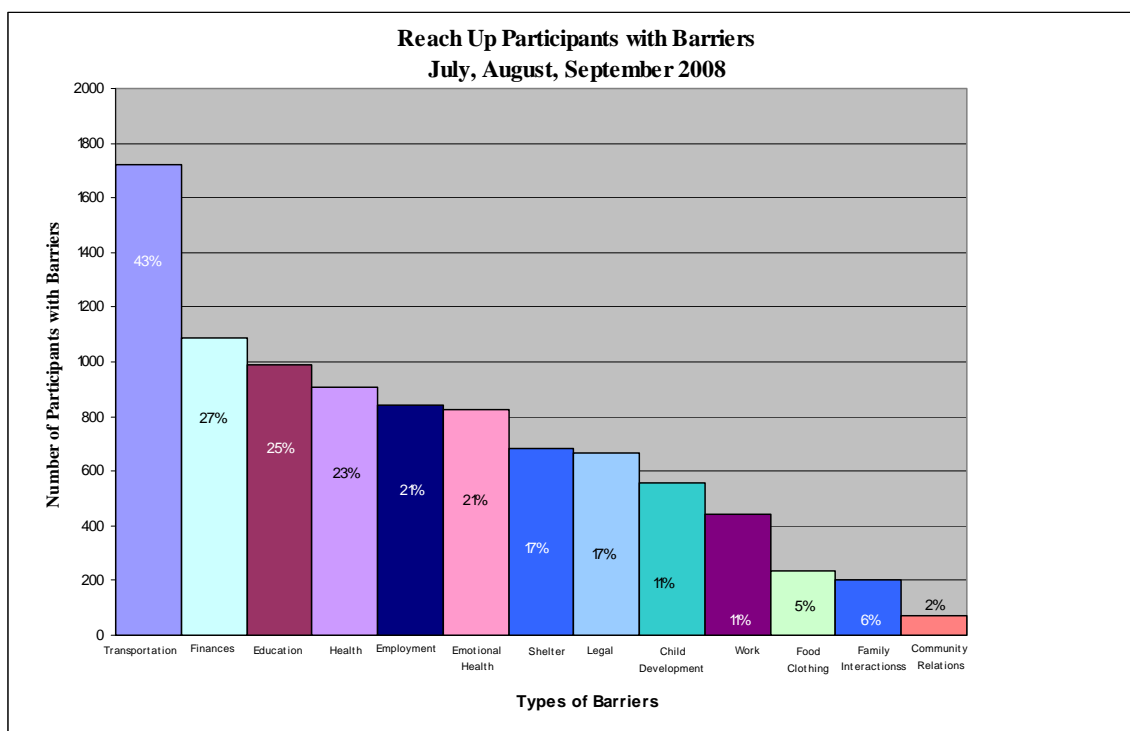
### Types of Barriers Facing Reach Up Families Seeking Economic Self-Sufficiency, Number of Families with Each Type of Barrier, and Frequency of Occurrence of Each Type of Barrier

Charts in this section illustrate the types of families and number of adults participating in the Reach Up program, the number of participants with barriers, ages of children in Reach Up families, and the number of participants with deferments from the work requirement. The figures are the average monthly numbers for the period October 2007 through September 2008.



#### Average Number of Adults Participating in Reach Up Program

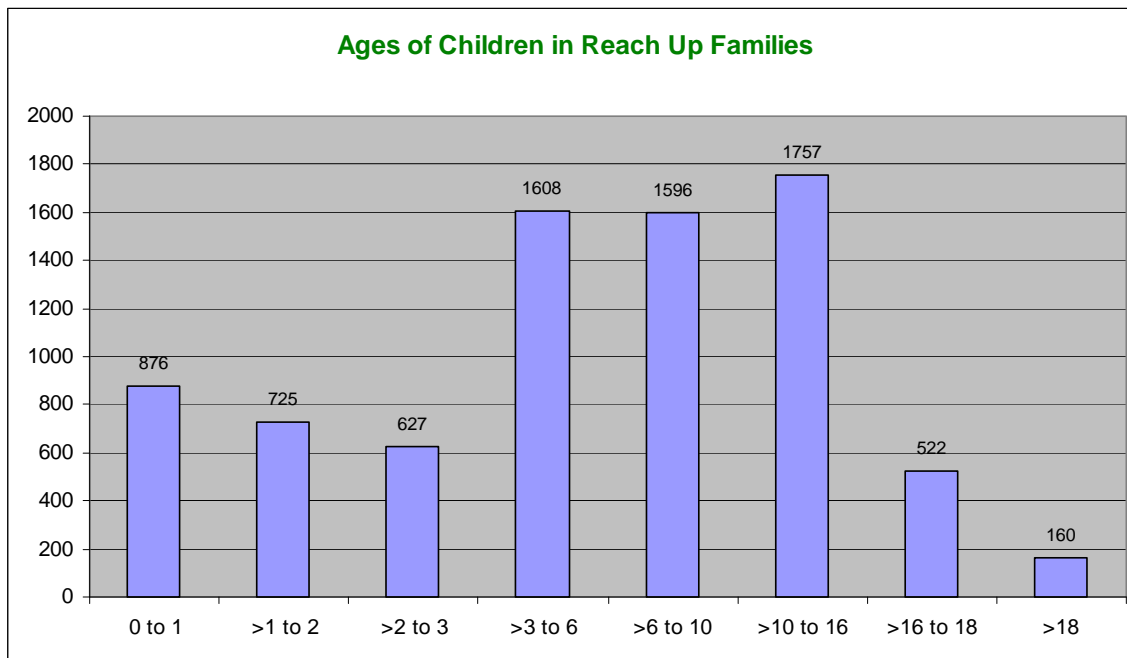
Family Type	Average Number of Adults Participating in Reach Up Each Month (does not include Postsecondary Education Program participants)
Child only (child's parent or caretaker is not on Reach Up)	0
Single adult	3,012
Two able-to-work adults	816
Two adults, at least one not able to work	288
<b>Total Adults</b>	<b>4,116</b>



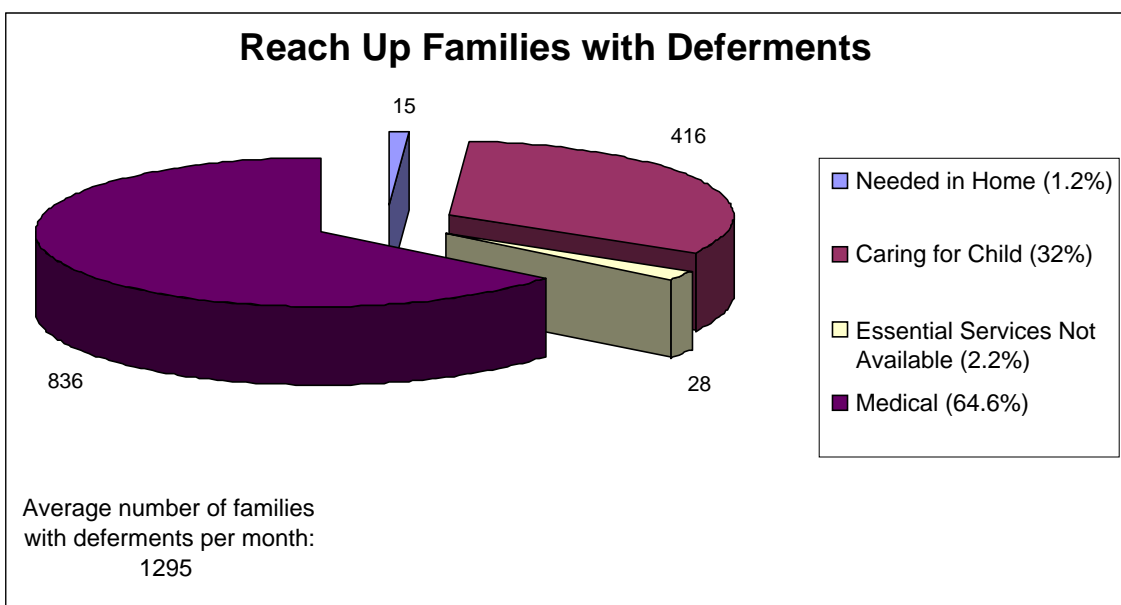
The above chart illustrates the percentage of Reach Up participants assessed as having the specified barriers. In the third quarter of the year, ESD improved data collection on barriers. As a result, barrier data for that period of time more accurately reflects family characteristics than data for the preceding periods. During the period July 2008 through September 2008, case managers assessed 3,987 participants and found 11,622 barriers, an average of 2.9 barriers per participant.

To address transportation barriers ESD, with the help of community resources and organizations, works with participants to get them the transportation they need. Case managers help participants obtain licenses, registration, insurance, and vehicle repairs. Reach Up supports community-based organizations that provide participants with on-demand transportation services, reliable vehicles, and help toward gaining or repairing credit so they are able to purchase vehicles. Case managers encourage and assist participants to explore alternative transportation options such as public transportation, car pooling, ride sharing, and relocation.

ESD works with community partners and other state agencies to help participants address employment barriers and take advantage of training opportunities.



The above chart illustrates the ages of a monthly average of 7,871 children who received assistance from October 2007 through September 2008. Around 28 percent are under age three, 20 percent are between the age of three and six, and 51 percent are over six. The deferment chart below illustrates that an average of 416 participants per month received a deferment from the work requirement to care for a child under the age of two.



A deferment is a temporary postponement of the full work requirement. A deferred participant must have a family development plan with an employment goal and participate in activities, including work activities that lead to the achievement of the employment goal. Consistent with the department's strength-based approach to case management, case managers modify the number of work requirement hours, rather than defer the work requirement, for participants who are able to work part time. Figures in the chart above represent the deferment status of the primary earning adult.

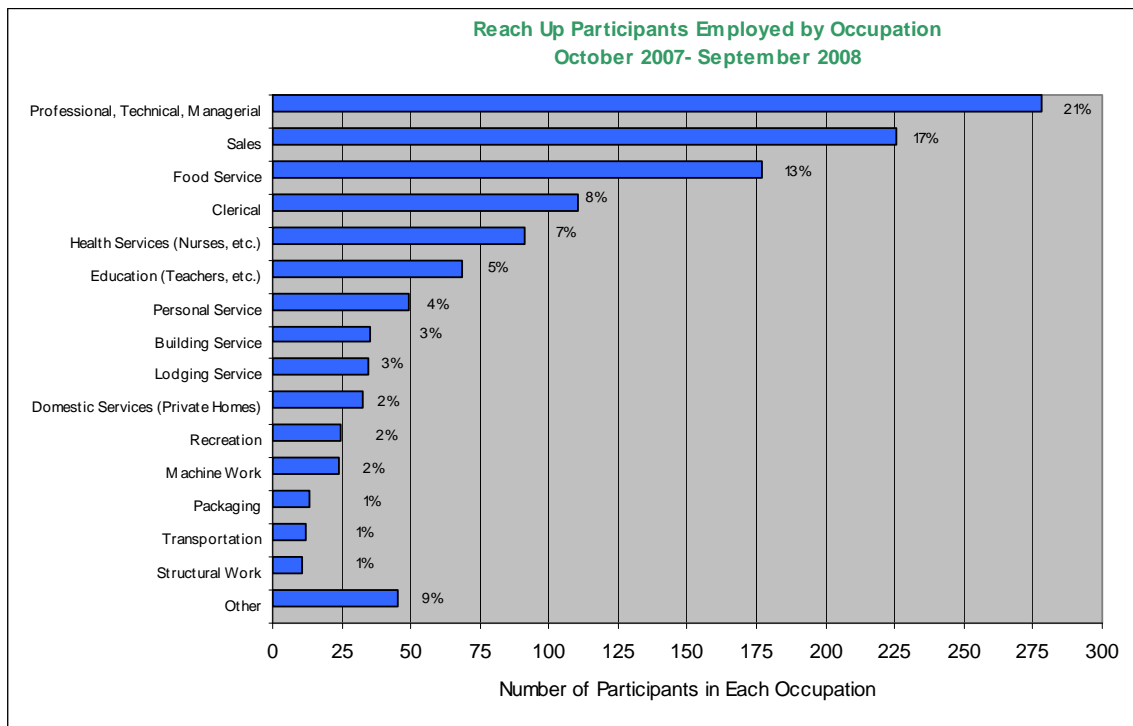
## Section 2 Participant Outcomes, Including:

- the number of persons employed, by occupation, industry and wage;
- types of subsidized and unsubsidized jobs secured by participants;
- outcomes for children; and
- the number of participating families involved in training programs.

Charts in this section illustrate monthly averages of Reach Up participants' work by occupations, industries, and wages based on data from October 2007 through September 2008. It does not include the Postsecondary Education program. One chart illustrates the number of families that moved off assistance and achieved better outcomes for their children under the Reach Up program. Information supporting good outcomes for children is also represented in Section 1 by the low number of related barriers and the high number of parents requesting deferments to take care of children.

### Families Combine Welfare with Work

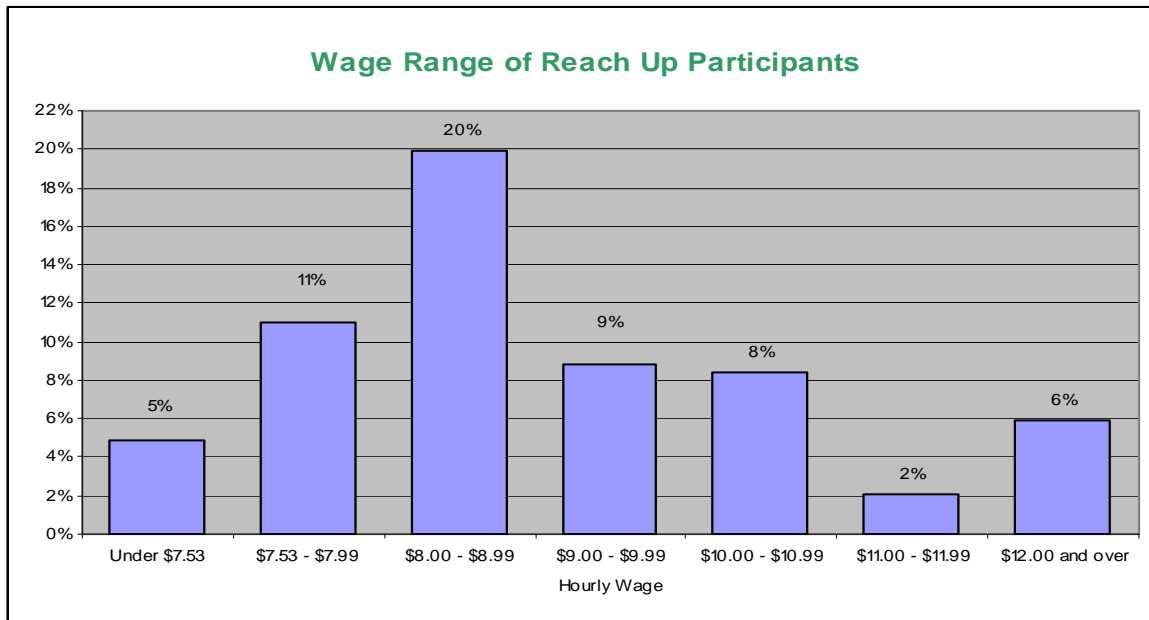
The chart below illustrates occupations of an average of 1,312 participants who combined welfare with work each month.



### Reach Up Participants Employed by Industry October 2007-September 2008

Industry	Percentage in Each Industry	Average Number of Participants
Construction	1%	15
Transportation & Public Utilities	7%	98
Services	51%	670
Manufacturing	2%	32
Wholesale Trade	1%	12
Finance/Insurance/Real Estate	1%	7
Agric/Forestry/Fishing/Mining	1%	16
Retail Trade	13%	165
Government	3%	35
Other *	20%	262
<b>Total Participants Employed</b>		<b>1312</b>

*\*The "Other" category in the charts above and on the previous page includes participants whose jobs do not fit into a specified category, those who are in supported work placements and not earning a wage, and those in occupations not otherwise listed that employ less than 1 percent of the participants.*



The above chart illustrates the percentage of employed Reach Up participants in each wage range. It does not include newly employed and self-employed adults whose earnings have yet to be verified and adults in supported work placements who are not earning wages. Participants starting self employment may have net income equivalent to less than \$7.68 per hour, Vermont's minimum wage in 2008.



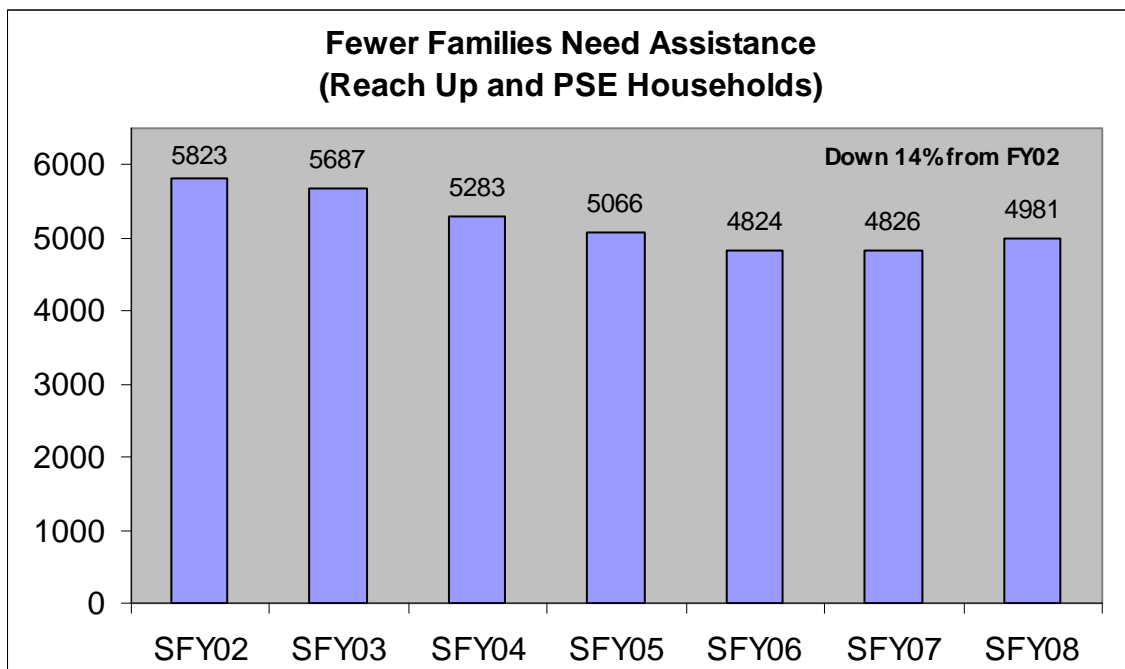
## Adults Participate in Training and Education Programs

Participants who are not job ready are supported in short-term work, training, and education placements. Participants who need work experience may be placed in supported placements where they do not earn wages; these participants are included in the “unknown” categories in the occupation, industry, and wage tables above. An average of 170 participants engaged in vocational education, job skills training, and school attendance each month from October 2007 through September 2008.

Participants have been placed in training sites with municipalities, schools, community action agencies, senior meals sites, local housing authorities, parent-child centers, University of Vermont, YMCA, and the Salvation Army. Duties included office work, maintenance, cleaning, and other services.

## Families Move from Welfare to Work

When Vermont began the Reach Up program and came into full compliance with TANF on July 1, 2001, there were 5,500 families on assistance. An indicator of Reach Up’s success in moving families toward self-sufficiency and achieving better outcomes for their children is the number of families who have left the program as a result of increased income. The following chart illustrates families’ success in moving to financial independence. Data represented in the chart is the average monthly number of families for each state fiscal year. The increase in the caseload occurring in state fiscal year 2007 and continuing in state fiscal year 2008 and beyond likely reflects the change the county is experiencing in the current economy. This trend of increasing caseloads in welfare programs is affecting many states.



### Section 3

#### **Food Stamp Participation of Households Who Have Left Reach Up During the Last Fiscal Year**

The chart illustrates food stamp participation for individuals who left Reach Up in state fiscal year 2008. An average of 3,399 individuals left Reach Up each quarter, and an average of 2,699 (79 percent) of them were still off Reach Up four months later. When they left Reach Up, 93 percent of these leaver families received food stamps, and four months later 63 percent still received food stamps.

#### **Reach Up Leavers' Participation in Food Stamps State Fiscal Year 2008**

	<b>Quarter Ending Sep '07</b>	<b>Quarter Ending Dec '07</b>	<b>Quarter Ending Mar '08</b>	<b>Quarter Ending Jun '08</b>
1. Total number of individuals who left Reach Up	3,521	3,385	3,158	3,531
2. Those in #1 who were not receiving RU in the 4th month after leaving RU	2,855 (81%)	2,619 (77%)	2,583 (82%)	2,739 (78%)
3. Those in #2 who were enrolled in food stamps at the time of leaving RU	2,657 (93%)	2,441 (93%)	2,362 (91%)	2,567 (94%)
4. Those in #3 who were also enrolled in food stamps in the 4th month after leaving RU	1,586 (60%)	1,589 (65%)	1,513 (64%)	1,584 (62%)

## Section 4

### Health Care Program Enrollment of Individuals Who Have Left Reach Up During the Last Fiscal Year

Our state is a leader in providing health care assistance to children and families. While a family of three loses eligibility for Reach Up when their income reaches approximately \$13,000 a year, the adults will be eligible for transitional Medicaid until their annual income reaches \$32,664 and their children remain eligible for Dr. Dynasaur until the family's income tops \$52,956 (or higher, if the family pays for child care).

#### Reach Up Leavers' Participation in Medicaid and Dr. Dynasaur State Fiscal Year 2008

	Quarter Ending Sep '07	Quarter Ending Dec '07	Quarter Ending Mar '08	Quarter Ending Jun '08
1. Total number of individuals who left Reach Up	3,521	3,385	3,158	3,531
2. Those in #1 who were not receiving RU in the 4th month after leaving RU	2,855 (81%)	2,619 (77%)	2,548 (81%)	2,739 (78%)
3. Those in #2 who were enrolled in medical assistance at the time of leaving RU	2,639 (92%)	2,429 (93%)	2,385 (94%)	2,574 (94%)
4. Those in #3 who were also enrolled in medical assistance in the 4th month after leaving RU	2,029 (77%)	2,016 (83%)	1,894 (79%)	2,104 (82%)

## Section 5

### Work Participation Rates and the Caseload Reduction Credit

States submit data on all TANF recipients quarterly to the U.S. Department of Health and Human Services Administration for Children and Families (ACF). ACF computes each state's monthly work participation rates for two categories—all families and families with two parents who are both able to work—and averages the rates for all 12 months to calculate a state's overall work participation rate for the federal fiscal year. States are required to meet a 50 percent all-family rate and a 90 percent two-parent family rate.

Section 407(b)(3) of the Social Security Act, as amended by the Deficit Reduction Act of 2005 (DRA), provides for an adjustment to a state's work participation rate for a fiscal year based on declines in the state's caseload the prior federal fiscal year. This adjustment to the work participation rate the state must meet is called the state's caseload reduction credit (CRC). The CRC gives a state credit based on the actual reduction in the caseload between the statutory base year and the comparison year. The DRA changed the base year of the calculation from 1995 to 2005. Because caseloads decreased more in the years after 1995 than they have since 2005, Vermont's CRCs are lower than they had been before the DRA changes.

The chart below illustrates Vermont's estimated participation rates as calculated but not yet finalized by ACF. The caseload reduction credit section shows the credit as calculated under a recently approved ACF method.

#### TANF Work Participation Rates Federal Fiscal Year 08

Calculated by ACF

	All Families	2-Parent Families
1 <sup>st</sup> quarter	20.1	33.2
2 <sup>nd</sup> quarter	16.0	24.5
3 <sup>rd</sup> quarter	20.8	33.4
4 <sup>th</sup> quarter	35.8	36.1
Average	23.2	31.85

#### Caseload Reduction Credit (CRC)

	All Families	2-Parent Families
Rate submitted to ACF <sup>1</sup>	15.7	15.5

Applying the Administration for Children & Families CRC method to the participation rates results in a 40 percent all families rate and a 51 percent two-parent families rate.

<sup>1</sup> The caseload reduction rates are the rates submitted to ACF in December 2007 using ACF's methodology. Vermont is waiting for confirmation of the caseload reduction rates.

## Section 6

### Basic Needs, Housing Allowances, and Maximum Grants

#### Basic Needs and Housing Allowances

The department calculates a basic needs standard that includes certain requirements considered basic to all individuals. These needs include food, shelter, clothing, fuel, utilities, personal incidentals, core services, and special needs. This standard of combined basic needs increases according to household size, from \$475 for a household of one to \$1,769 for a household of eight. Each year the department reports the current basic needs standards and the basic needs budget adjusted to reflect an annual cost-of-living increase. The department makes the annual cost-of-living increase calculation by running the basic needs standards and housing allowances through a computer program that recalculates them based on changes in the consumer price index (CPI) and housing costs reported by families participating in the Reach Up program living inside and outside Chittenden County. The revised needs standards and housing allowances are run through a simulation of the Reach Up population to estimate the fiscal impact of making cost of living adjustments. The simulation is run against the amount budgeted for Reach Up to determine the percentage of total needs the department can pay with existing funds. Consistent with 33 V.S.A. §101(4), the department currently pays 49.6 percent of total needs determined in 2004.

The charts below illustrate the current basic needs for families of one to four members, basic needs if adjusted in December 2008 for the cost-of-living increase, current housing costs, and housing costs if adjusted.

#### Basic Needs and Housing Allowance

Family Size	Existing Basic Needs (based on calculation in 3/1/04)	Basic needs if adjusted to annual cost-of-living increase (12/1/08)
1	\$475	\$541
2	\$680	\$776
3	\$891	\$1,018
4	\$1,064	\$1,217
5	\$1,247	\$1,427
6	\$1,372	\$1,570
7	\$1,589	\$1,814
8	\$1,769	\$2,024
Each add'l person	\$170	\$194

Housing Allowances	Existing Housing Allowance (based on 10/1/01)	Housing allowance if adjusted to annual median cost (12/1/08)
Chittenden County	\$450	\$593
Outside Chittenden County	\$400	\$550

## Current Maximum Grants

The chart below illustrates maximum grants for families of one to four members. Grants in Chittenden County are higher due to the history of higher shelter costs and the higher housing allowance for that area. All families with out-of-pocket shelter costs in excess of the maximum allowances may receive up to \$45 more in their grant as a special needs housing allowance.

Family Size	Outside Chittenden County	Chittenden County
1	\$434	\$458
2	\$535	\$560
3	\$640	\$665
4	\$726	\$750